

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-04 H-02 INR-07 L-03

NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15 USIA-06

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FM AMEMBASSY MADRID

TO SECSTATE WASHDC 7911

LIMITED OFFICIAL USE MADRID 8608

E.O. 11652: N/A

TAGS: PINT, US, SP

SUBJECT: LOCKHEED SCANDAL

REF: MADRID 6669 AND 7061

1. THE SPANISH SUPREME COURT HAS ISSUED THE RESULTS OF ITS INVESTIGATION INTO DOCUMENTATION PROVIDED BY USG CONCERNING LOCKHEED ACTIVITIES IN SPAIN. ACCORDING TO THE PRESS RELEASE THE INVESTIGATING OFFICIAL CONCLUDED THAT : (1) THERE ARE NO INDICATIONS THAT LOCKHEED SALES IN SPAIN WERE ASSISTED BY BRIBERY; (2) LOCKHEED SALES OPERATION IN SPAIN HAVE BEEN "CORRECT"; (3) LOCKHEED REPRESENTATIVES (THE SPANISH FIRM AVIONICA) DID, HOWEVER, COMMIT SOME IRREGULARITIES; (4) AVIONICA WAS MANAGED SECRETELY BY MAJOR GENERAL LUIS REY RODRIGUEZ AND COLONEL CARLOS GRANDAL SEGADE, BOTH OF WHOM ARE ACTIVE DUTY AIR FORCE OFFICERS WHO DID NOT HAVE OFFICIAL PERMISSION TO ENGAGE IN THE BUSINESS; (5) REY, GRANDAL AND THE CIVILIAN HEAD OF AVIONICA, FERNANCO HERCE VALDIVIA' RECEIVED ABOUT \$300,000 EACH IN COMMISSIONS WHICH WERE BROUGHT CLANDESTINELY INTO FROM NUMBERED SWISS ACCOUNTS.

2. SPECULATION IN THE PRESS AND ELSEWHERE SUGGESTS THAT THE TWO MILITARY OFFICERS MAY BE SUBJECT TO CHARGES FOR
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FAILING TO OBTAIN PERMISSION TO ENGAGE IN THE MANAGEMENT

OF AVIONICA AND POSSIBLY ALSO FOR ILLEGAL CURRENCY TRANS-ACTIONS. CHARGES AGAINST THE CIVILIAN WILL PROBABLY BE CONFINED TO THE ALLEGED CURRENCY VIOLATIONS.

3. COMMENT: WITH THE QUESTION OF BRIBERY DISPOSED OF, OFFICIALLY AT LEAST, ANY CHARGES WILL BE ON MORE OR LESS TECHNICAL VIOLATIONS AND THE PUBLIC IMAGE OF THE MILITARY REMAINS RELATIVELY INTACT. WHATEVER THE TRUTH OF THE MATTER MAY BE, IT LOOKS AS IF THE GOVERNMENT HAS FOUND A WAY OUT OF THE MATTER WITH A MINIMUM OF DAMAGE.
STABLER

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Message Attributes

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